

Message Text

PAGE 01 STATE 138607

66

ORIGIN SS-15

INFO OCT-01 CCO-00 RSC-01 FILE-01 SSO-00 ADP-00 EB-11

EUR-25 /054 R

DRAFTED BY E:TCDAWSON

7/14/73 20410

APPROVED BY E:TCDAWSON

S/S-: MR. SARROS

----- 088866

P 142012Z JUL 73 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO PRIORITY

LIMITED OFFICIAL USE STATE 138607

TOSEC 16

E.O.11652: N/A

TAGS: CA, EGEN, OVIP (ROGERS, WILLIAM P.)

SUBJECT: U.S.-CANADIAN AUTO AGREEMENT

FOR DEAN HINTON AT REQUEST OF FLANIGAN STAFF

PASS ALSO SIDNEY WEINTRAUB

FOLLOWING IS TEXT OF MEMORANDUM DATED JULY 13, 1973, TO

MR. FLANIGAN FROM UNDER SECRETARY CASEY ON ABOVE SUBJECT:

QUOTE

THIS IS IN RESPONSE TO MR. HINTON'S MEMO OF JULY 6
REQUESTING COMMENTS ON THE PROPOSED APPROACH TO THE
CANADIANS ON THE AUTO AGREEMENT AND OTHER ISSUES.

AUTO PACT (UNDERLINED)

PROCEDURE (UNDERLINED)

IN MY OPINION IT WOULD BE A MISTAKE TO OPEN TALKS AT
THE GILLESPIE LEVEL. AS I INDICATED IN MY MEMORANDUM TO
YOU OF JULY 3, IT IS HIGHLY UNLIKELY THAT-SUCH A MEETING
COULD BE KEPT QUIET. WHAT WE NEED IN THIS DELICATE CASE
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 STATE 138607

IS SECRET DIPLOMACY. I CONTINUE TO THINK THAT EXPLORA-
TORY TALKS SHOULD BE INITIATED BY A SMALL TEAM HEADED BY
THE DEPARTMENT OF STATE. THIS TEAM WOULD OUTLINE OUR
CURRENT THINKING TO A FEW SENIOR OFFICIALS. THEY WOULD

EXPLORE INFORMALLY VARIOUS POSSIBLE SOLUTIONS WITHOUT COMMITMENT. AFTER THIS INITIAL EXCHANGE OF VIEWS, THEY WOULD RETURN TO WASHINGTON, REPORT TO THE SENIOR REVIEW

GROUP, AND SEEK INSTRUCTIONS FOR THE NEXT EXPLORATORY SESSION. THIS PROCEDURE WOULD CONTINUE UNTIL A MEETING OF MINDS IS REACHED OR IT BECOMES CLEAR THAT THIS IS NOT POSSIBLE. IF A MEETING OF MINDS IS REACHED, THE TWO DELEGATIONS WOULD PREPARE A DRAFT AGREEMENT TO BE CONSIDERED IN CAPITALS AND THEN BY A U.S.-CANADIAN MEETING AT THE POLITICAL LEVEL. AT THIS FINAL STAGE, WE WOULD WELCOME PUBLICITY.

WE SHOULD NOT GIVE THE CANADIANS A PAPER AT THE PRESENT TIME. THE PAPER COULD EASILY BECOME PUBLIC KNOWLEDGE. THIS WOULD GREATLY COMPLICATE OUR TASKS. FURTHERMORE, THE CANADIANS, WHO ARE SUSPICIOUS AND EDGY, COULD EASILY CONCLUDE THAT WE WERE TRYING TO IMPOSE CONDITI *4**
P

***** BEFORE MAKING A
PROPOSAL FOR MOVING TOWARD WORLD-WIDE FREE TRADE IN AUTO

PRODUCTS IN THE MTN'S WE SHOULD CAREFULLY EXAMINE WHETHER THE BENEFITS WOULD MORE THAN OFFSET THE COSTS. IT MIGHT WELL HAVE A DETRIMENTAL EFFECT WITH REGARD TO OUR INTERESTS IN THE CANADIAN MARKET, SINCE ACCESS FOR JAPANESE AND OTHER FOREIGN CARS WOULD BE GREATLY EASED. IT IS AT LEAST DOUBTFUL THAT THE ADVANTAGE TO US IN THE FORM OF GREATER EXPORT POSSIBILITIES IN FOREIGN MARKETS--GIVEN EXTENSIVE AMERICAN PRODUCTION ABROAD--WOULD OFFSET THE CLEAR DISADVANTAGE TO US IN THE FORM OF GREATER EXPORT POSSIBILITIES IN FOREIGN MARKETS--GIVEN EXTENSIVE AMERICAN PRODUCTION ABROAD--WOULD OFFSET THE CLEAR DISADVANTAGE IN THE CANADIAN MARKET.

3. GATT WAIVER. THE CHANCES OF CANADA OBTAINING A GATT WAIVER TO LOWER OR REMOVE HER DUTIES ON U.S. AUTO PRODUCTS ARE NOT GOOD. THERE ARE OTHER WAYS OF GETTING AROUND THIS PROBLEM. DURING THE ABORTIVE NEGOTIATIONS IN 1971 THE CANADIANS HAD DEVELOPED A COMPLEX SCHEME TO AVOID A WAIVER.

4. USED CARS. (UNDERLINED) WE SHOULD TRY FOR A GRADUAL LIFTING OF THE CANADIAN EMBARGO ON IMPORTS OF USED CARS, BUT SINCE THE CANADIANS ARE VERY UNLIKELY TO AGREE EXCEPT, PERHAPS, IN THE CONTEXT OF THE MTN'S, WE SHOULD NOT, IF WE WISH TO AVOID AN IMMEDIATE STALEMATE, LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 04 STATE 138607

MAKE IT THE SINE QUA NON (UNDERLINED) FOR REACHING AN UNDERSTANDING ON THE AUTO AGREEMENT.

5. JOINT ECONOMIC SECRETARIAT. (UNDERLINED)

THIS IDEA HAS BEEN VERY LITTLE DISCUSSED AND IT IS NOT CLEAR HOW SUCH A BODY MIGHT ACTUALLY WORK. I THINK WE WOULD BE BETTER ADVISED TO BEGIN WITH A MORE NARROWLY FOCUSED INSTITUTION, SUCH AS THE "PERMANENT JOINT CONSULTATIVE COMMISSION ON THE AUTO AGREEMENT" OUTLINED IN THE PAPER PREPARED BY THE INTERAGENCY WORKING GROUP. THIS COULD, IF SUCCESSFUL, SERVE AS A MODEL FOR OTHER CONSULTATIVE MEANS FOR THRASHING OUT OTHER ECONOMIC ISSUES BETWEEN OUR TWO COUNTRIES. SINCE THE IDEA HAS BEEN DISCUSSED WITH THE CANADIANS IN PREVIOUS NEGOTIATIONS, THERE SHOULD BE LITTLE PROBLEM REACHING AGREEMENT.

DPSA AND TOURIST ALLOWANCES (UNDERLINED)

I THINK IT WOULD BE BEST TO TREAT THE DPSA AND TOURIST ALLOWANCE PROBLEMS IN ANOTHER CONTEXT. GILLESPIE HAS SAID THAT THE CANADIANS WANT TO AVOID A "PACKAGE DEAL". BY BRINGING UP ALL THESE ISSUES AT ONCE WE MAY GIVE THEM THE IMPRESSION THAT WE ARE PUSHING IN THIS DIRECTION.

BASIS FOR DISCUSSION WITH THE CANADIANS (UNDERLINED)

THIS MOST RECENT INTERNAL EXAMINATION OF THE AUTO PACT ORIGINATED WITH YOUR MEMORANDUM TO ME OF MARCH 12, 1973 REQUESTING THE PREPARATION OF SEVERAL STUDIES ON BILATERAL ISSUES WITH CANADA. INTERAGENCY WORKING GROUPS WERE FORMED AND, AFTER CAREFUL STUDY, SOME HIGH QUALITY PAPERS WERE PRODUCED. THE PAPER ON THE AUTO AGREEMENT, WHICH I FOUND VERY SENSIBLE AND IMAGINATIVE IN ITS APPROACH, WAS APPROVED BY THE WORKING GROUP REPRESENTATIVES FROM ALL INTERESTED AGENCIES IN APRIL AND DISCUSSED AT A MEETING OF THE SENIOR REVIEW GROUP ON JUNE 15. I HAVE THE IMPRESSION IT WAS AGREED AT THAT TIME THAT THIS PAPER SHOULD SERVE AS A BASIS FOR OUR DISCUSSIONS WITH THE CANADIANS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 STATE 138607

IN VIEW OF THE CAREFUL WORK WHICH HAS BEEN DONE, CONSIDERING THAT THE CANADIANS ARE WAITING FOR US TO CONTACT THEM AND LEAVING IN MIND THE FUTILITY OF TRYING TO WORK OUT DEFINITELY THE BROAD OUTLINES OF AN AGREEMENT WITH LITTLE KNOWLEDGE OF THE CANADIAN IMPERATIVES, WE SHOULD AVOID DEBATING NEW SUBSTANTIVE PROPOSALS. WE OUGHT TO MOVE FORWARD EXPEDITIOUSLY TO PRELIMINARY CONTACTS WITH THE CANADIANS ON THE BASIS OF THE DEGREE OF CONSENSUS ALREADY EXISTING. THIS IS ESPECIALLY SO SINCE THE TALKS WILL BE INFORMAL, EXPLORATORY, AND NON-COMMITTAL.

IT IS NOW SEVERAL MONTHS SINCE MINISTER GILLESPIE
VISITED SECRETARY SHULTZ, AND FURTHER DELAY WILL ONLY
INCREASE THE POSSIBILITY OF A CANADIAN CHANGE OF HEART
OR A DISSIPATION OF THEIR FLEXIBILITY TO MAKE MOVEMENT
IN THE DIRECTION WE DESIRE. IN VEIW OF THE IMMINENCE
OF THE HEARINGS ON THE TRADE BILL BEFORE THE SENATE
FINANCE COMMITTEE--WHERE THE AUTO PACT MAY WELL BECOME
AN ISSUE--IT IS IMPORTANT TO GET CRACKING. SIGNED
WILLIAM J. CASEY UNQUOTE RUSH

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 10 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 14 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE138607
Document Source: ADS
Document Unique ID: 00
Drafter: E:TCDAWSON
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730768/abqcemvd.tel
Line Count: 173
Locator: TEXT ON-LINE
Office: ORIGIN SS
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 07 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Nov-2001 by willialc>; APPROVED <30-Nov-2001 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status:
Subject: U.S.-CANADIAN AUTO AGREEMENT FOR DEAN HINTON AT REQUEST OF FLANIGAN STAFF PASS ALSO SIDNEY WEINTRAUB
FOLLOWING IS TEXT OF MEMORANDUM DATED JULY 13, 1973, TO MR. FLANIGAN FROM UNDER SECRETARY CASEY ON ABOVE
SUBJECT: QUOTE
TAGS: EGEN, OVIP, CA, (ROGERS, WILLIAM P)
To: TOKYO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005